

**MEDICAID MODERNIZATION
PROJECT STATUS REPORT
“GraniteCare”**

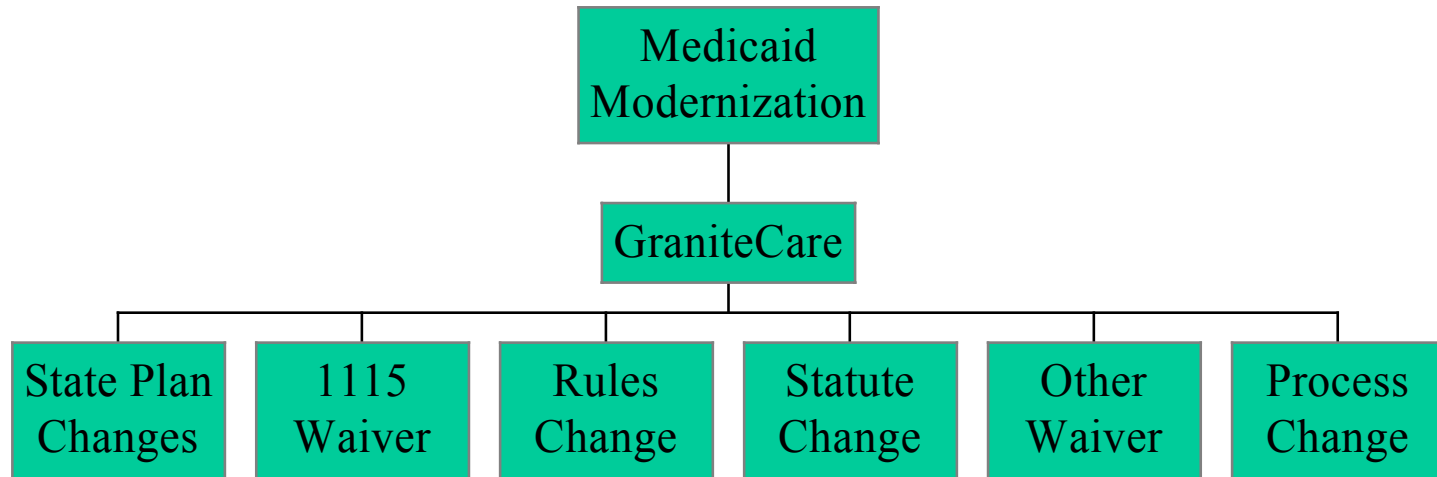
**John A. Stephen, Commissioner
NH Department of Health and Human Services**

July 30, 2004

Summary of Medicaid Modernization Project

- Goal: To Transform the Medicaid Program into a New, Financially Sustainable and Predictable, Paradigm
- Process:
 - ✓ 4 Internal Work Groups, a Quality Forum and Steering Committee
 - ✓ Technical Assistance from Consultants and National Experts
 - ✓ Input From an Open Approach:
 - o Briefings
 - o 11 Community Forums
 - o Dedicated E-mail Account
 - o Stakeholders Involvement
 - o County Commissioners
 - o Advisory Council
- Checks and Balances – Legislative Review and Approval; CMS Review and Approval

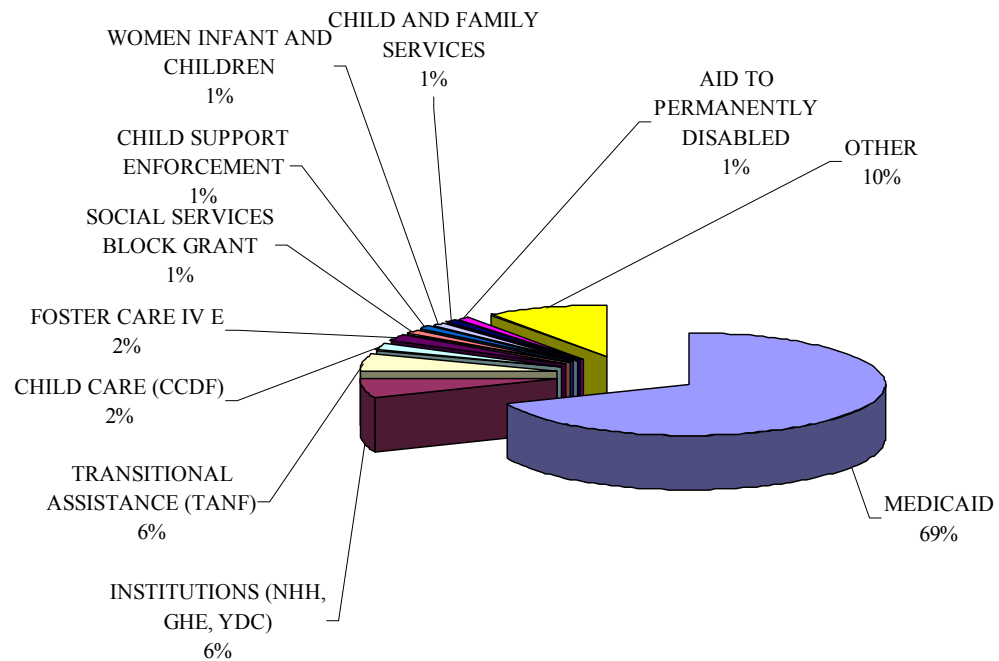
Final Outcome



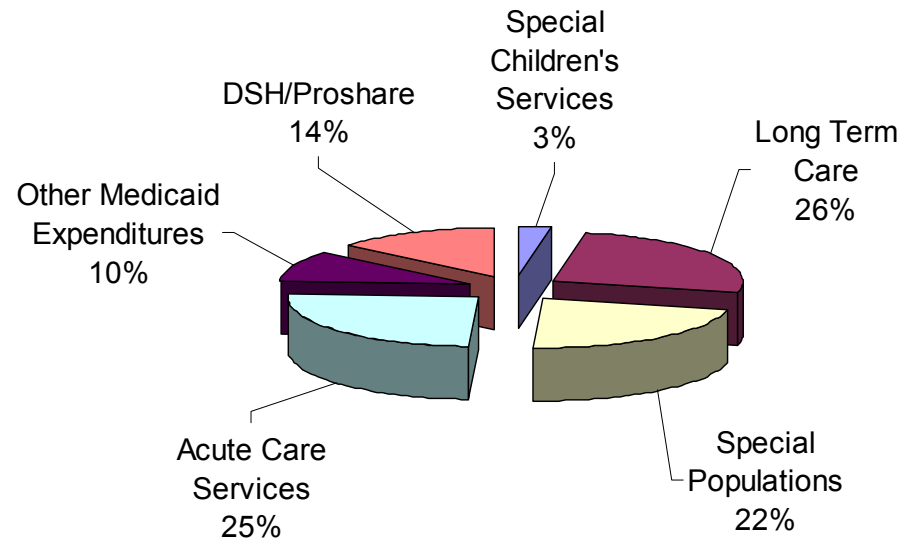
New Hampshire's Receipt of Federal Revenue

- NH is Highly Dependent on Federal Revenues:
 - ✓ From \$355M in 1996 to \$618M in 2005
 - ✓ Federal Government “Targeting” States’ Revenue Maximization Efforts
 - ✓ NH Expected to Receive \$100M Less in Federal Medicaid Revenue in SFY 2006 – 2007
 - ✓ The Medicaid Program is 69% of the Department’s Budget

DHHS Spending by Program (SFY 2003)



DHHS Medicaid Expenditures (SFY 2003)



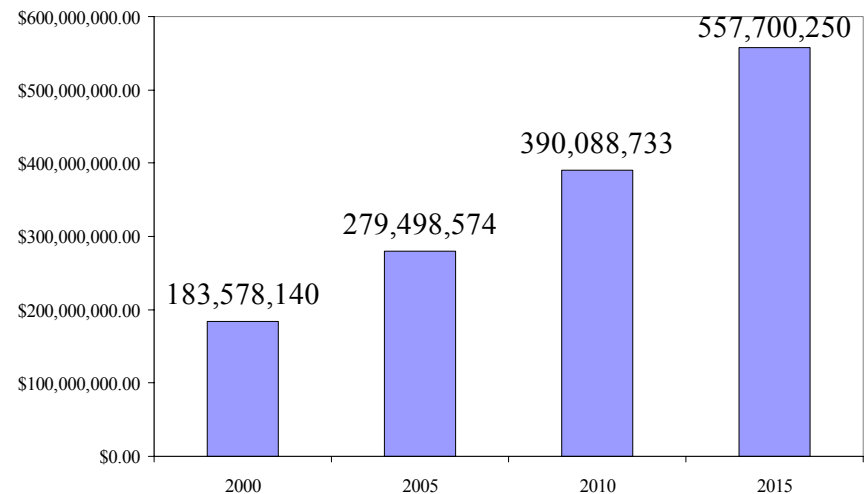
New Hampshire's Demographics

- NH Population Projections from 2000 to 2010:
 - ✓ Overall Population Will Grow 10% to 1.36M
 - ✓ Those Aged 65-74 Will Grow by 25% to 7% of the Total Population
 - ✓ Those Aged 75-84 Will Grow by 9% to 4% of the Total Population
 - ✓ Those 85 and older Will Grow by 45% to 2% of the Total Population
 - o People in This Age Group Are 5 to 6 Times More Likely to Need Nursing Home Care
 - o Nursing Care Currently Accounts for approximately 60% of New Hampshire's Expenditures on Long Term Care Versus 41% in Vermont and 36% in Maine
 - o Federal Government Has Said This Must Change

Projected Long Term Care Expenditures

- Nursing Home Expenditures
Consume c. 60%* of NH's LTC program
 - ✓ 36% for Home Health and Personal Care
 - ✓ Nursing Home US Average is 51%
 - o Vermont is 41%
- “Do Nothing” Scenario
 - ✓ Today, \$279M
 - ✓ Assumes Beds Meet Needs!
 - ✓ Doubles to \$557M by 2015

* Source: Kaiser Family Foundation



Medicaid Modernization - Challenge and Opportunity

Challenge

- Federal Revenue Reductions:
 - ✓ \$100M loss in Federal Medicaid Revenue in SFY 2006 – 2007
- Changing Demographics by 2010:
 - ✓ 25% Growth in Ages 65-74 Population
 - ✓ 9% Growth in Ages 75-84 Population
 - ✓ 45% Growth in Ages 85 and Over
- By 2015, Expenditures for Long Term Care Are Projected to be \$557M
- Can the State's Medicaid Budget Sustain This Growth?

Opportunity

- Federal Health and Human Services Secretary Tommy Thompson:
“Redesign a Medicaid Program - Build the Program As If Starting From Scratch”
- Medicaid Modernization is not:
 - ✓ Simply a Way for NH to Receive A Block Grant
 - ✓ A Project with a Plan Developed for Completion This September
 - ✓ A Closed Process

Key Questions Asked At The Onset

- What Should Be the Guiding Principles in Transforming Medicaid?
- What in the Current System Should Be Preserved/Changed/Discarded Regardless of Transformation?
- What Can We Afford or No Longer Afford?
- What Prevents the Delivery of More Services, at Higher Quality and Lower Cost?
- What Changes Must Be Made By:
 - ✓ Consumers
 - ✓ Providers
 - ✓ The Legislature
 - ✓ Communities
 - ✓ The Federal Government
 - ✓ The NH Department of Health and Human Services?

The Project is a Series of Building Blocks

- Research; Work Groups; Consultations; National Experts
- Public Comment
- Briefing Documents:
 - ✓ Initial Thoughts and Ideas for Medicaid Modernization
- Concept Documents:
 - ✓ More Detailed Analysis of Initial Ideas
- Findings Document:
 - ✓ Consultant's Comments on Ideas in Concept Documents
- Draft Concept Paper:
 - ✓ Suggested Initiatives To Be Included
- Final Concept Paper
- Legislative and Public Review and Comment
- Medicaid Modernization Plan
- Fiscal Committee Action
- Legislative Action – 2005 Session

Managing the Medicaid Modernization Project

DHHS Steering Committee:

- John A. Stephen, Commissioner
- James Fredyma, CFO
- John Wallace, General Counsel
- Linda Paquette, Integrity & Improvement
- Richard Kellogg, Director, Division of Community Based Care Services
- Nick Toumpas, Reorganization Director
- Steve Norton, Medicaid Director
- William Kassler, MD, State Medical Director
- Gregory Moore, Communications Director
- Lloyd Peterson, Project Manager

Consultant – Sellers Feinberg

- Marty Sellers
- Mark Smith
- Brian McGuckin
- David Ulsh

National Experts:

- James Hardy
- Chuck Milligan
- James Verdier
- Michael Deily

Four DHHS Internal Work Groups Created

1. Long Term Care

- Chair: Jo Moncher
- Consultant : Mark Smith & David Ulsh
- Nat'l Expert: Chuck Milligan
- Steering Committee: Steve Norton
- Membership:
 - ✓ Doug McNutt; Stephen Bartels, MD; Matt Ertas; Karen Kimball;
 - ✓ Erik Riera; Thomas Granneman;
 - ✓ John Wallace; Mary Maggioncalda;
 - ✓ Mickie Grimes; Margo Sullivan (Advisory Council);
 - ✓ Justin Shaka, Student Intern

2. Behavioral Health

- Chair: Geoff Souther
- Consultant: Marty Sellers
- Nat'l Expert: Michael Deily
- Steering Committee: Linda Paquette
- Membership:
 - ✓ Eric Riera; Nancy Rollins;
 - ✓ Joseph Crowley; Simone Roy;
 - ✓ Ry Perry; Chester Batchelder;
 - ✓ Kelley Capuchino; Peter Reid;
 - ✓ Melinda Carpenter; Karen Orsini

DHHS Internal Work Groups Created

3. Developmental Disabilities

- Chair: Matt Ertas
- Consultant: David Ulsh
- Nat'l Expert: James Verdier
- Steering Committee: John Wallace
- Membership:
 - ✓ Karen Kimball
 - ✓ Jude Schultz
 - ✓ Barbara Reed
 - ✓ Allita Paine
 - ✓ John Capuco

4. Medical Services

- Chair: Steve Norton
- Consultant: Marty Sellers & David Ulsh
- Nat'l Expert: James Hardy
- Steering Committee: William Kassler, MD
- Membership:
 - ✓ Doris Lotz, MD; Jan Paterson;
 - ✓ Margaret Snow, DMD; Julia Kaplan; Bryan Ayars; Katie Dunn; Don Dickey;
 - ✓ Jane Hybsch; Dague Clark;
 - ✓ Georgia Stewart; Margaret Clifford

Work Groups – Review and Briefings

- Collected Initial Information Compiled By the Work Groups
- Work Groups Looked At:
 - ✓ Current Medicaid Initiatives Underway
 - ✓ Opportunities That Exist for Making Programs More Effective and Efficient
 - ✓ The Primary Cost Drivers
 - ✓ Innovative Practices Implemented in NH and Other States
 - ✓ CMS Approved Waivers for Other States That Could Be Implemented in NH
 - ✓ Any Refinements to the Above
 - ✓ Any Out-Of-The Box Ideas
- Completed 6/7/04

Work Groups – Conceptual Ideas

- Conceptual Ideas Provided a More Detailed Analysis
- Completed 6/25/04
- Each Conceptual Idea Contained:
 - ✓ Summary Description of Initiative
 - ✓ Summary of Anticipated Outcomes
 - ✓ Summary Description of Implementation – Time Frames; Steps Involved
 - ✓ Summary Statement of Financial, Programmatic and Customer Impacts
 - ✓ Description of Legal and/or Regulatory Changes Needed
 - ✓ Identification of Barriers to Implementation

Quality Forum – Identify Clinical Quality & Best Practices for Medicaid Services

- Chair: William Kassler, MD – DHHS; State Medical Director
- Nat'l Expert: James Hardy
- Members:
 - ✓ Robert Aurillo, CEO, Northeast Health Care Quality Foundation
 - ✓ Stephen Bartels, MD, Medical Director, Dartmouth Psychiatric Research Center
 - ✓ Mary Ann Cooney, DHHS Public Health Services Director
 - ✓ Daniel Eubank, MD, Family Practice Residence Program, Concord Hospital
 - ✓ Elliot Fisher, MD, PhD, Dartmouth Medical School
 - ✓ Mathew Hudson, PhD, Dartmouth Medical School
 - ✓ Doris Lotz, MD, DHHS
 - ✓ Rachel Rowe, Exec. Vice President, Foundation for Healthy Communities
 - ✓ James Squires, MD, President, Endowment for Health
 - ✓ Barbara Walters, DO, Medical Director, Dartmouth-Hitchcock Clinic

Commissioner's Advisory Council

- Mike Green, CEO, Concord Hospital
- Norrine Williams, Exec. Director, Ammonoosuc Community Health Center
- Brian Collins, Exec. Director, Behavioral Health & Developmental Svs of Strafford County
- Paul Boyton, CEO/President, Moore Center
- Carl Dematteo, MD, Medical Director, Dartmouth Hitchcock Clinic
- Dwight Sowerby, Attorney
- Jay Wolter, Director, Becket School
- Frank Lukosius, Pharmacist
- Lori Real, Bi-State Primary Care Association
- Beverly Rodeschin, State Representative
- William Quinn, Consumer
- Margo Sullivan, Exec. Director, Androscoggin Valley Home Care Services

Advisory Council Topics

- May 21 Meeting:
 - ✓ Organization Meeting
- June 11 Meeting:
 - ✓ Shifting Long Term Care Resources from Institutions to Communities
- July 16 Meeting:
 - ✓ Reducing Cost of Outpatient Services
 - ✓ Health Savings Accounts
 - ✓ Vermont's long Term Care Waiver Request
 - ✓ Controlling SCHIP Costs
 - ✓ Reducing Institutional focus under the DD Waiver – Choice
 - ✓ Developing Integrated, Independent Case Management System
- August 20 Meeting:
 - ✓ Agenda to be Developed

Note: Minutes of Previous Meetings Attached

Reaching Out to Stakeholder Groups and DHHS Coordinators

- CAP Agency Executive Directors
- ✓ Lloyd Peterson
- NH Association of Counties
- ✓ John Wallace
- State Council on Aging
- ✓ Jo Moncher/Lloyd Peterson
- Family Advisory Committee
(Children With Severe Disabilities)
- ✓ Steve Norton/Jane Hybsch
- Diversity Task Force
- ✓ Lloyd Peterson/William Walker
- Medical Care Advisory Committee
- ✓ John Wallace
- Endowment for Health
- ✓ Dr. William Kassler
- Area Agencies
- ✓ Matt Ertas
- Community Mental Health Centers
- ✓ Geoff Southers
- Bi-State Primary Care (Community Health Centers)
- ✓ Steve Norton

County Commissioners

- Medicaid Modernization Meetings with Representatives of County Commissioners:
 - ✓ June 17
 - ✓ July 8
 - ✓ July 23

- Items of Discussion:
 - ✓ Potential Role of Counties in Screening, Assessment and Referrals for Long Term Care Services
 - ✓ Methods for Acquisition or Conversion of Nursing Home Beds
 - ✓ Ways to Simplify County/State Long Term Care Billing Mechanisms
 - ✓ Proposals for Changes to County/State Cost-Sharing Construct

Sources of Comments

- MedicaidFeedback @dhhs.state.nh.us (Dedicated E-Mail Account)
 - ✓ Over 150 E-mails Received
- Medicaid FeedBack – 129 Pleasant St, Concord NH (Written Comments)
- Community Forums – Verbal and Written Testimony
- Commissioner’s Advisory Council
- Governor
- Legislative Leadership
- County Commissioners
- Stakeholder Groups
- CMS
- Staff
- Consultants

Community Forums

- Belknap County – 5/05/04
- Hillsborough County
(Manchester)- 5/13/04
- Grafton County – 5/20/04
- Cheshire County – 5/27/04
- Merrimack County – 6/3/04
- Strafford County – 6/24/04
- Sullivan County – 7/01/04
- Rockingham County – 7/08/04
- Hillsborough County
(Nashua)– 7/15/04
- Carroll County – 7/22/04
- Coos County – 7/29/04

Community Forums - Feedback

- Eleven Forums; One in Every County; Two in Hillsborough County
- Thursday Evenings from 7:00 – 9:00 PM; Commissioner with Steering Committee and Division Directors
- Forums Videotaped and Verbal/Written Testimony Provided
- Over 1400 Citizens Have Attended
- Over 300 Have Spoken
- Commonly Stated:
 - ✓ Medicaid is Vital to Be Independent and Productive
 - ✓ Don't Change Any Part That Affects Their Services
 - ✓ More Money Would Solve Any Problem With Medicaid
 - ✓ Do Not Block Grant Medicaid

General Themes From Community Forums & Medicaid Feedback

- Prevention is Vital
- Choice Requires Educated Consumers and Providers
- Home and Community Based Services, Not Institutions
- Reduce Program Overlaps and Conflicts (Medicaid/Medicare)
- Need Adequate Provider Reimbursement Rates
- Expand Dental Services
- Raise Additional Federal Funds
- Inappropriate Estate Planning
- Special Needs of Minorities
- Inappropriate Emergency Room Use
- Pilot Any Changes
- Eliminate Excessive Rules
- A Medical Home for Each Consumer
- Buy or Encourage Long Term Care Insurance
- Employers, Consumers and Insurance Companies Have Responsibilities
- Medicaid Funds Used for Non-Medicaid Purposes
- Transportation/Housing Critical

Emerging Medicaid Modernization Concepts

- Consumer Choice/Personal Responsibility
- Consumer Education & Public Awareness
- Prevention
- Community Based Services, Not Institutional care
- Measurable Health Outcomes Needed
- Efficient & Coordinated Care
- Healthy Lifestyles Promoted
- Eligibility Restrictions
- Disease Management
- Care Management
- Premiums/Co-Pays
- Quality Service
- Economic Development
- Cost Effective Services
- Selective Contracting
- Reduced Administrative Costs
- Reduced Operational Overlaps
- Elimination of Inefficient Regulations
- Strengthened Integrity and Cost Recoveries
- Medical Home for Consumers
- Health Savings Accounts
- Transportation

Approach to Developing A Draft Concept Paper - Sorting the Concepts -

Concept Idea	Budget Action Concepts	“Bridge” Concepts	“Transforma- tion” Concepts	Concepts Not to Be Included
Medical Services	[Not Medicaid Modernization but Part of the SFY '06-'07 Budget Development Process]	[Not Medicaid Modernization but Needed Improvements to Provide Value and Contain Costs]	[Medicaid Modernization - Innovative Ideas that Serve to Transform the Current Medicaid Program]	[Not Medicaid Modernization – Ideas Considered But Discarded]
Quality Forum				
Behavioral Health				
Long Term Care				
Development- al Disabilities				

Anticipated Products

- A Concept Plan Evolved from the Conceptual Ideas and Analysis
- A Draft Medicaid Modernization Plan Which Will Be Open to Public Review and Scrutiny
- A Final Medicaid Modernization Plan Which May Include, with Legislative Approval Where Necessary:
 - ✓ Initiatives for a 1115 Waiver Request
 - ✓ Initiatives for Other Waiver Requests
 - ✓ Medicaid State Plan Amendments
 - ✓ Initiatives for Statutory or Administrative Regulatory Change
 - ✓ Initiatives to be Implemented by Policy or Internal Process Changes
 - ✓ Initiatives Needing Further Analysis
- Final Medicaid Modernization Plan = GraniteCare

Milestones – May 2004

- Press Conference in LOB to Announce Medicaid Modernization and Community Forums
- Community Forums Held in Belknap, Hillsborough (Manchester), Grafton and Cheshire Counties
- Four Internal Work Groups Formed (Long Term Care; Developmental Disabilities; Behavioral Health and Medical Services) and Kick Off Meeting Held
- First Meeting of the Medicaid Modernization Advisory Council – 5/14/04
- Brainstorming Session Facilitated by Consultants
- Feedback from Brainstorming Session Provided by Consultants
- Contract with Consultant Drafted
- Half Day Internal Planning Session Held
- Quality Forum Established
- Developmental Disabilities Area Agencies Briefed on Medicaid Modernization
- Steering Committee Continued to Meet Weekly

Milestones - June 2004

- Work Groups Met in Intensive Facilitated Sessions with National Experts and Consultants
- Work Groups Submitted Conceptual Ideas for Steering Committee and Consultants' Review
- First Meeting of Quality Forum held – 6/01/04
- Second Meeting of Advisory Council – 6/11/04
- Meeting with Cindy Mann, Medicaid Waiver National Expert, From Georgetown University and Bruce Greenstein, CMS' Regional Boston Office– 6/11/04
- Medical Care Advisory Committee Briefed on Medicaid Modernization – 6/14/04
- Executive Councilors Briefed on Medicaid Modernization – 6/17/04
- CAP Executive Directors Briefed on Medicaid Modernization – 6/29/04
- Consultant Contract Approved at 6/23 G&C Meeting
- Community Mental Health Centers Briefed on Medicaid Modernization
- Community Forums for Merrimack and Strafford Counties – 6/3 & 6/24/04
- Weekly Meetings of Steering Committee – Tuesdays, 7:30 AM – Includes Work Group Chairs and Conference Calls with Consultant

Milestones - July 2004

- Medicaid Modernization Briefing Presented to State Council on Aging – 7/12/04
- Third Meeting of Advisory Council – 7/16/04
- Community Forums Completed – Sullivan, Rockingham, Hillsborough (Nashua), Carroll and Coos Counties
- Quality Forum Completed and Concepts Delivered
- Consultant Submitted Findings Document
- Two Day Steering Committee Retreat Held 7/21 – 7/22 at Glencliff
 - ✓ Steering Committee Reviews all Concepts at Retreat
- Consultants Onsite as Follow-up to Retreat to Work with Steering Committee to Outline Draft Concept Paper
- Concepts/Ideas from Quality Forum, Medicaid Feedback and Community Forums Fed Back to Steering Committee as Part of Draft Concept Paper
- Steering Committee Continues to Meet Weekly

Anticipated Milestones – August 2004

- Fiscal Committee Briefed on Status of Project
- Concept Paper Finalized
- Continued Briefings With Governor and Legislative Leadership
- Begin Preparation of Draft Medicaid Modernization Plan, to be Released for Public Comment in September
- Fourth Meeting of Advisory Council – 8/20/04
- Planning Completed for Public Review Process
- Steering Committee Continues to Meet Weekly

Note: The Department Anticipates Releasing the Draft Medicaid Modernization Plan in September to Allow for Public Comment Prior to Any Request for Waivers to the Fiscal Committee. However, Due to the Complexities of This Planning Effort, This Date May Be Subject to Change.

Using 1115 Waivers for Medicaid modernization

HIFA Waivers - Process

- August 2001, HIFA Initiative Launched
- “Streamlined” Process - Application “Template” & Policies
- Greater Latitude to Modify Medicaid and SCHIP Programs
 - ✓ Newly Eligible Groups - Enrollment Caps, Basic Benefits Package (Primary Care at Minimum)
- Flexibility in Meeting Budget Neutrality
 - ✓ Unused SCHIP Allotments (& DHS payments)
 - ✓ Roll Back Benefit Packages for Groups Already Eligible
 - ✓ Hypothetical “Savings”

HIFA Waivers - Elements

- Expansion Component Required
- One of 5 Benefit Packages in SCHIP Law
- New Flexibility on Premiums and Cost Sharing (5% of Family Income)
- Enrollment Caps/Waiting List for Expansion Groups
- Federal \$ Capped under Budget Neutrality
- Encouraged to Use XIX & XXI Funding for “Premium Assistance”
- New Funding – Capture DSH or Unspent SCHIP